



Tourism & Events Department
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**To: Linda Dillenbeck, Chairperson
Tourism Development Commission**

From: Steve Geiogamah, Tourism Development Manager

Date: August 21, 2018

Subject: Staff Report – Tourism Reports

Bed Tax Collection Report

This report provides a summary of monthly tax collections for the city's transient occupancy tax (bed tax), hotel/motel sales tax and sales tax on miscellaneous retail and restaurant as a percentage change from the same period in the previous year.

Highlights for Business Activity in June 2018

June YTD bed tax collections were up (1%). Miscellaneous retail tax collections were up YTD (37%) and restaurants were up YTD (50%). This report is on a cash basis, so only the cash that is received within the month is included.

June hotel classification report indicates YTD bed tax collections for resorts were up (3.7%), full service property was down (-7.7%) and limited service properties were down (-2.5%). The hotel classification report pulls data based on the reporting period not the actual receipt collections.

Tourism Program Special Revenue (Bed Tax) Proforma

The Tourism Program Proforma provides revenue and expenditures for the current and prior fiscal years as well as the adopted budget.

Highlights as of August 31, 2018

Highlighted changes include updated event expenditures, preliminary event program expenses and formatting changes-FY2017/18 has been removed.

Smith Travel Report

The City of Scottsdale contracts annually with Smith Travel Research (STR) to track hotel data (average room rate, occupancy, etc.) in the Scottsdale/Paradise Valley Market Area and its competing destinations.

Highlights for July 2018

Scottsdale Trend Report (59 properties)

Over the past 12 months occupancy is up (1.9%) average daily rate (\$197.87) is up (1.6%) and Rev Par (\$137.06) is up (3.5%) when compared to the same period last year.

Segment Trend Report (Transient, Group, Contract-39 properties report)

Over the past 12 months Transient occupancy was up (5.8%) average daily rate was (1.5%) and rev par up (7.3%). Group Occupancy was down (-4.1) average daily rate was up (2.4) and rev par was down (-1.8).

Regional Reports

Trend Scottsdale Downtown (17 properties report)

Over the past 12 months occupancy is up (4.5%) average daily rate (\$154.68) is down (-1.4%) and Rev Par (\$113.72) is up (3.0%) when compared to the same period last year.

Trend Scottsdale Middle (31 properties report)

Over the past 12 months occupancy is up (2.6%) average daily rate (\$194.57) is up (1.5%) and Rev Par (\$131.26) is up (4.1%) when compared to the same period last year.

Trend Scottsdale North (11 properties report)

Over the past 12 months occupancy is down (-2.0%) average daily rate (\$242.47) is up (5.0%) and Rev Par (\$167.63) is up (3.0%) when compared to the same period last year. The northern properties have shown a decrease in May, June and July in both occupancy and rev par.

Hotel Performance Indicator Definitions

Occupancy is calculated by rooms sold divided by rooms available multiplied by 100.

Average Daily Rate is calculated by taking room revenue divided by rooms sold.

Rev Par is calculated by dividing room revenue by rooms available.

SOURCE: STR, INC. REPUBLICATION OR OTHER RE-USE OF THIS DATA WITHOUT THE EXPRESS WRITTEN PERMISSION OF STR IS STRICTLY PROHIBITED.

Program Updates

Scottsdazzle event update will be provided at the September TDC meeting.

BED TAX COLLECTION REPORT - FY 18/19
Prepared by the City of Scottsdale Tourism Events Department
September 19, 2018 (Preliminary)

Item 7a

This report provides a summary of monthly collections of City revenues that reflect activity in the Tourism Industry in Scottsdale. Column one shows the actual month of business activity, not the City receipt of the taxes.

Table 1 reports the bed tax, the hotel/motel sales tax, the sales tax on miscellaneous retail and the sales tax on restaurants as a percentage change from the same period in the previous year.

Table 2 provides Bed Tax collections by hotel classification (Resort, Full Service and Limited Service) and a comparison with the same period last year and FY17/18 property pre-classification. As a percentage of 8,875 total hotel rooms in the City as of August 2018. Resort hotels represent 44%, Full Service hotels 21%, and Limited Service hotels 35%.

*Bed Tax Classification Table reflects only funds received from a specific month. It does not include late payments received.

Table 1
Tourism Indicators as reflected in Monthly City Sales Tax Revenues
FY18-19 (July 1, 2018 through June 30, 2019) -- Change from the same period last year

Month of Business Activity	Period Share of Annual Total	FY 17/18 Bed Tax Collections	FY18/19 Bed Tax Collections	Room Rev. Tax Change	Hotel/Motel Tax Change	Misc. Retail Sales Tax Change	Restaurant Tax Change
June	5.9%	\$1,176,941	\$1,186,264	1.0%	-20.0%	37.0%	50.0%
July	4.6%	\$902,085					
August	4.7%	\$929,939					
September	5.0%	\$999,185					
October	7.2%	\$1,436,557					
November	7.7%	\$1,530,091					
December	4.3%	\$850,806					
January	10.6%	\$2,098,049					
February	11.7%	\$2,310,012					
March	17.9%	\$3,558,035					
April	12.5%	\$2,475,752					
May	7.9%	\$1,557,545					
Year to date	100.0%	\$19,824,997	\$1,186,264	1.0%	-20.0%	37.0%	50.0%

MONTHLY BED TAX COLLECTION REPORT BY HOTEL CLASSIFICATION - FY 18/19

Prepared by the City of Scottsdale Tourism Events Department

September 19, 2018 (Preliminary)

Item 7b

FY 2018/19 (July 1, 2018 through June 30, 2019) -- Change from the same period last year

Month of Business Activity	Resort Hotels 3,917 Rooms	% Change from FY17/18	Full-Service Hotels 1,854 Rooms	% Change from FY17/18	Limited-Service Hotels 3,104 Rooms	% Change from FY17/18
June	\$599,022	3.7%	\$118,060	-7.7%	\$165,957	-2.5%
July						
August						
September						
October						
November						
December						
January						
February						
March						
April						
May						
Year to date	\$599,022		\$118,060		\$165,957	
	67.84%		13.37%		18.79%	

Table 2 report does not include late payment or adjustments

Please note that all of the Taxpayers that make up this report have been reviewed for proper classification and adjustments were made when necessary.

City of Scottsdale
Tourism Development Fund

August 2018

	FY 2018/19 Adopted	FY 2018/19 Estimate	FY 2019/20 Estimate	FY 2020/21 Estimate	FY 2021/22 Estimate	FY 2022/23 Estimate
REVENUE						
Bed Tax	20,413,217	20,413,217	21,025,600	21,656,400	22,306,100	22,306,000
Princess Lease	1,910,000	1,910,000	1,914,800	1,914,800	1,914,800	1,914,800
Event Notification and Survey Program	13,500	8,000	13,500	13,500	13,500	13,500
Miscellaneous	7,000	-	7,000	7,000	7,000	7,000
TOURISM REVENUES	22,343,717	22,331,217	22,960,900	23,591,700	24,241,400	24,241,300
EXPENSES						
Destination Marketing (50% of bed tax revenue)	(10,206,609)	(10,206,609)	(10,512,800)	(10,828,200)	(11,153,000)	(11,153,000)
General Fund Allocation	(2,449,586)	(2,449,586)	(2,523,100)	(2,598,800)	(2,676,700)	(2,676,700)
Event Retention and Development						
Uncommitted	(997,131)	(631,382)	(1,045,567)	(1,357,874)	(1,409,001)	(1,480,837)
Multi Year Event Funding Agreements						
Parada del Sol Parade (Council approved 07/05/17) Year 2 of a 5 year agreement	(79,400)	(79,400)	(79,400)	(79,400)	(79,400)	-
Fiesta Bowl (20 yr agreement since 2006) Year 13 of 20 year agreement	(168,109)	(168,109)	(174,833)	(181,827)	(189,100)	(196,664)
Scottsdale International Film Festival (Council approved 07/05/17) Year 2 of a 3 year agreement	(37,500)	(37,500)	(37,500)	-	-	-
NCHA Cutting Horse Event (Council approved 03/07/17) Balance of the 2 year agreement	-	(9,267)	-	-	-	-
The Scottsdale Gallery Association (council approved 08/29/17) Year 2 of a 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Parada del Sol Rodeo (Council approved 11/28/17) Year 2 of 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Scottsdale Culinary Event (Council approval 01/08/18) Year 2 of 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Total Multi Year Event Funding Agreements	(510,009)	(519,276)	(516,733)	(261,227)	(268,500)	(196,664)
One Year Event Funding Agreements						
International Off Road Expo (Council approved 11/13/17, Council approved 08/2918)	-	(54,000)	-	-	-	-
Fahrenheit Festival (Council approved 03/20/18)	-	(75,000)	-	-	-	-
Cinco de Mario (Council approved 03/20/18)	-	(70,000)	-	-	-	-
Día de los Muertos (pending Council approval on 09/25/18)	-	(65,000)	-	-	-	-
City Baseball/Softball outfield fencing (Council approved 08/28/18)	-	(17,482)	-	-	-	-
Food & Wine Event (pending Council approval on 9/25/18)	-	(75,000)	-	-	-	-
Total One Year Event Funding Agreements	-	(356,482)	-	-	-	-
Event Programs						
Matching Event Advertising Funding Program	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)
Event Venue Fee Program	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Community Events Program	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total Event Programs	(330,000)	(330,000)	(330,000)	(330,000)	(330,000)	(330,000)
Total Events	(1,837,139)	(1,837,139)	(1,892,300)	(1,949,100)	(2,007,500)	(2,007,500)
Administrative/Other Professional Services						
Administrative Expenses	(726,529)	(726,529)	(751,000)	(776,200)	(802,300)	(802,300)
Tourism Research	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Total Admin/Other	(816,529)	(816,529)	(841,000)	(866,200)	(892,300)	(892,300)
Multi-year Commitments for Capital Projects						
WestWorld debt service (80-acres started FY 2006/07, ends FY 2034/35)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
TNEC Equestrian Center debt service (started FY 2012/13, ends FY 2032/33)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Museum of the West debt service (started FY 2014/15, ends FY 2033/34)	(892,963)	(892,963)	(889,200)	(889,500)	(893,900)	(891,900)
TPC renovations debt service (started FY 2014/15, ends FY 2033/34)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)
Total Capital Projects	(3,592,963)	(3,592,963)	(3,589,200)	(3,589,500)	(3,593,900)	(3,591,900)
TOTAL EXPENSES	(18,902,826)	(18,902,826)	(19,358,400)	(19,831,800)	(20,323,400)	(20,321,400)
CARRYOVER						
Beginning Balance	8,362,533	8,362,533	7,838,594	7,645,194	7,581,294	7,648,494
Current year fund balance - <i>available for capital projects (up to \$600,000 per project)</i>	3,440,891	3,428,392	3,602,500	3,759,900	3,918,000	3,919,900
TOTAL CARRYOVER FUNDS	11,803,424	11,790,925	11,441,094	11,405,094	11,499,294	11,568,394
Carryover Uses						
Trolley Expenses - transfer our to the Transportation Fund	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Event Notification and Survey Program, Banner Program	(20,347)	(20,347)	(20,300)	(20,300)	(20,300)	(20,300)
Museum of the West donation match (match was reinstated in FY 2018/19 to be an ongoing expense)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Museum of the West one-time advertising funds	(200,000)	(200,000)	-	-	-	-
Promotion of downtown	(1,500,000)	(1,500,000)	(1,529,100)	(1,555,200)	(1,580,500)	(1,607,100)
Electrical outlets downtown	(288,483)	(288,483)	-	-	-	-
WestWorld marketing fee - transfer out to General Fund	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Canal Convergence (Council approved 06/27/17 \$650K - Council approved 04/10/18 \$240K)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Operational rentals for special events	(75,000)	(75,000)	(77,000)	(78,800)	(80,500)	(82,300)
Undesignated carryover	(331,000)	-	(619,500)	(619,500)	(619,500)	(619,500)
TOTAL CARRYOVER USES	(3,964,830)	(3,633,830)	(3,795,900)	(3,823,800)	(3,850,800)	(3,879,200)
ENDING BALANCE	7,838,594	8,157,095	7,645,194	7,581,294	7,648,494	7,689,194

NO COUNCIL ACTION OR APPROVED ITEMS FOR FUTURE YEARS:

DDC debt service (TDC reserved \$0.6 million/yr - no council action)	(1,200,000)
Bed Tax Stabilization Policy Fund (TDC reserved \$2.6 million - no council action)	(2,600,000)
WestWorld Municipal Use Site Plan (no council action)	(150,000)
	(3,950,000)
Estimated Ending Balance (including non city council action expenditures)	4,207,095